

**CHIMACUM SCHOOL DISTRICT No. 49**  
**Jefferson County, Washington**  
**September 1, 1994 Through August 31, 1996**

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**Schedule Of Findings**

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1. The District Should Improve Associated Student Body (ASB) Activities Internal Controls To Ensure That State Laws And The School Accounting Manual Are Followed

In our audit for the years 1994 and 1993, we recommended that the district improve the internal controls over ASB activities at the high school. During the current audit of the ASB we noted that the controls have not been improved. We have identified the following internal control weaknesses at the high school.

a. Cash Receipts:

(1) Receipts were not deposited timely. On the date of testing we found three weeks of cash receipts on hand in the amount of \$2,422.32.

(2) Receipts were not deposited intact. In addition, the mode of payment was not noted for all receipts. Therefore, receipts could not be reconciled to each deposit.

b. Vending Machine Sales:

There were no procedures established to determine the reasonableness of receipts.

c. Revolving Fund:

The revolving fund was not operating according to required procedures.

The ASB revolving fund has not been replenished for almost three years and not all checks written were supported by adequate documentation.

d. Activity Accounts:

Numerous activity accounts were operating with a negative fund balance at the expense of the other ASB accounts.

RCW 43.09.240 states in part:

Every public officer and employee, whose duty it is to collect or receive payments due or for the use of the public shall deposit such moneys collected or received by him with the treasurer of the taxing district once every twenty-four consecutive hours.

WAC 392-138-035 states in part:

All associated student body moneys, upon receipt, shall be transmitted intact to the district depository bank and then to the county treasurer for deposit to the credit of the "associated student body program fund" of the school district . . . .

The Washington Association of School Business Officials *ASB Procedures Manual* states in part:

The ASB bookkeeper or secretary should validate the item counter that is recorded by the vendor on his service record of the vending machines.

An imprest fund checking account replenishment request must be completed at least once a month by statute.

Student approval and original itemized vendor invoices must be on file for each imprest fund check written.

Inadequate internal controls result in decreased accountability over ASB cash receipts and expenditures and an increased risk that errors and irregularities may occur and not be detected by management in a timely manner, if at all. Additionally, it reduces the reliability of financial data produced by such a system.

We again recommend the district improve internal controls to ensure that ASB activities are properly accounted for.

#### Auditee's Response

*We concur with the auditor's recommendation that the district needs to improve internal controls to ensure that ASB activities are properly accounted for at the High School. We have already begun to take the necessary steps. A meeting was held with the High School administration and a WASBO ASB Procedures Workshop has been arranged for our district on April 28, 1997.*

*The High School administration responded and indicated that some items have already been remedied and others will be in place by the beginning of the next school year.*

#### Auditor's Concluding Remarks

We appreciate the superintendent's commitment to resolve the issues noted in our findings. Based on her response, the recommendations are being addressed and we will review these areas again in our next audit of the district.

We wish to thank the district's personnel and management for their cooperation and assistance during the audit.